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AMEMBASSY KINSHASA

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C O N F I D E N T I A L SECTION 01 OF 05 OECD PARIS 27229

E.O. LL652: GDS

TAGS: OECD, CIEC, EGEN, ETRD, EFIN, EAID, ENRG

SUBJECT: CIEC COMMISSIONS: SESSIONS OF SEPT. 15 AND 16

1. SUMMARY: MAJOR FOCUS OF SEPTEMBER L5 AND L6 SESSIONS WAS DISCUSSION OF DEBT IN DEVELOPMENT AND FINANCE COMMISSIONS, BOTH OF WHICH HAD RECEIVED PROPOSAL PAPERS FROM THE EC/US AND FROM THE G-19. ENERGY COMMISSION HEARD AND DISCUSSED US INITIAL PROPOSALS ON ENERGY ASPECTS OF THE INTERNATIONAL RESOURCES BANK (IRB) AND ON THE INTERNATIONAL ENERGY INSTITUTE (IEI). RAW MATERIALS COMMISSION AGREED THAT NEITHER G-8 NOR G19 READY TO TABLE PROPOSALS AND ADJOURNED ON SEPTEMBER 15 IN NON-CONTENTIOUS ATMOSPHERE. THERE HAS BEEN GENERAL RECOGNITION THAT GEARS HAVE SHIFTED, AS DISCUSSIONS NOW FOCUSING ON PROPOSAL PAPERS RATHER THAN ANALYSIS. WITHIN G19 RANKS SOME CRACKS HAVE APPEARED AS MEXICO AND MORE CAUTIOUSLY BRAZIL DISTANCED THEMSELVES FROM COLLEAGUES (ESPECIALLY INDIA AND PAKISTAN) SEEKING BROAD DEBT RELIEF. END SUMMARY.

ENERGY COMMISSION

2. AT ACTIVE AND LENGTHY SESSIONS ON WEDNESDAY AND THURSDAY, COMMISSION CONTINUED DISCUSSION OF FORM AND NATURE OF POSSIBLE CIEC CONCLUSIONS DOCUMENT, AND ENGAGED IN FIRST ROUND OF DETAILED DISCUSSIONS OF PAPER CIRCULATED BY U.S. ON IRB (SAME AS PAPER TABLED IN JUNE IN RAW MATERIALS COMMISSION) AND ON IEI. USDEL SAID FUNDAMENTAL CONCLUSION IN PART ONE OF WORK PROGRAM ON RESOURCES/SUPPLY IS THAT WORLD HAS ENTERED PERIOD OF PROFOUND ENERGY TRANSITION TO NEW SOURCES. ALTHOUGH EXACT NATURE OF TRANSITION REMAINS NOT CLEARLY UNDERSTOOD AT PRESENT, INTERESTS OF ALL NATIONS WILL BE SERVED BY ENSURING TRANSITION IS SMOOTH AND ORDERLY AS POSSIBLE. ASSUMING ABOVE TO BE TRUE, COMMISSION NEEDED DRAW SOME CONCLUSIONS RE WHAT RESPONSIBILITIES OF ALL SIDES IN DIALOGUE ARE: DCS HAVE OBLIGATION TO INSURE

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THEY USE THEIR TECHNOLOGY TO IMPROVE ENERGY-USE EFFICIENCY, RECOVERY RATES, ALTERNATIVE RESOURCES DEVELOPMENT, ETC.; PRODUCERS HAVE RESPONSIBILITY TO RECOGNIZE BROAD IMPLICATIONS OF CONTINUING WORLD RELIANCE ON IMPORTED OIL. IN THIS REGARD, THERE WOULD BE REQUIREMENT IN FUTURE FOR JOINT ASSESSMENT TO DETERMINE IF WORLD PROCEEDING AT CORRECT PACE THROUGH TRANSITION PERIOD. RE EDDC PROBLEM, IT EVIDENT EDDC ENERGY NEEDS WILL GROW

MORE RAPIDLY THAN THOSE OF REST OF WORLD, AND THIS NEED
MUST BE MET SOMEHOW. THERE WAS LITTLE COMMENT ON U.S.
PRESENTATION BY OTHER DELS.

3. U.S. DEL THEN GAVE DESCRIPTION OF ENERGY ASPECTS OF
IRB PROPOSAL POINTING OUT, INTER-ALIA, THAT CAPITAL RE-
QUIREMENTS FOR ENERGY INVESTMENT IN EDDCS ARE ENORMOUS.
REQUIREMENTS FOR EXPANSION OF CAPACITY IN PRODUCER COUN-
TRIES ALSO LARGE. WHILE MOBILIZATION THESE FUNDS IN-
EVITABLY WILL REQUIRE INTENSIFIED EFFORT AT OFFICIAL
LEVEL, PRIVATE SECTOR MUST BEAR MAJOR INVESTMENT RESPON-
SIBILITY GIVEN MAGNITUDE INVOLVED. THEREFORE, IT ESSEN-
TIAL TO IDENTIFY MEANS OF REMOVING INVESTMENT CON-
STRAINTS AND FACILITATING CAPITAL MOBILIZATION IN PRI-
VATE SECTOR. GIVEN PRESENT HIGH LEVEL OF DC INVESTMENT
IN OWN ENERGY DEVELOPMENT PROGRAMS, THERE MAY BE GREAT

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C O R R E C T E D C O P Y PARA NBRD 6.

MDIFFICULTIES IN RAISING NEW CAPITAL UNLESS NEW INSTITU-
TIONS CREATED. IRB WAS DESIGNED HELP MEET THIS PROBLEM.

4. WITH EXCEPTION OF BRIEF, AND SOMEWHAT INCOHERENT,
STATEMENT BY VENEZUELAN DEL (WHO SAID ONE OF SHORTCOM-
INGS OF IRB WAS THAT IT WOULDN'T STABILIZE ENERGY PRICES
(SIC)), OPEC REPS DID NOT COMMENT ON U.S. PAPER. EDDC
REPS REGISTERED INTEREST RE ENERGY-RELATED ASPECTS, BUT
FELT IT DID NOT GO FAR ENOUGH. JAMAICAN REP SAID EDDCS
REALLY NEEDED A "GENUINE BANK" TO MAKE DIRECT LOANS FOR
ENERGY INVESTMENT. AN IRB FOR ALL RAW MATERIALS WAS
SEEN BY G-77 AS DC COUNTER TO COMMON FUND PROPOSAL, AN
ALTERNATIVE THEY "WERE NOT PREPARED TO ENTERTAIN." HE
SAID COMMON FUND DID NOT APPLY TO ENERGY AREA, HOWEVER,
AND INDICATED JAMAICAN INTEREST IN A RESOURCES INSTITUTION
LIMITED TO ENERGY. HE ASKED WHETHER, IN LIKELY EVENT
CIEC TOOK NO ACTION ON BROAD IRB, WOULD US BE WILLING
PROPOSE MORE LIMITED "IERB", OR WOULD US DROP PROPOSAL
ENTIRELY. EGYPTIAN SUPPORTED JAMAICAN DEL AND SAID
EITHER AN IERB SHOULD BE CREATED, OR IEI SHOULD BE -
EXPANDED TO COVER ENERGY INVESTMENT FUNCTIONS.

5. USDEL (BOSWORTH) SAID U.S. IN NO WAY SAW IRB AS
ALTERNATIVE TO COMMOH FUND. RE SUGGESTED
TRANSFORMATION OF IRB INTO MORE TRADITIONAL LENDING
BANK, US RECOGNIZED ADOPTION OF IRB WOULD NOT BY
ITSELF BE ADEQUATE RESPONSE TO TOTAL PROBLEMS

OF ENERGY INVESTMENT NEEDS OF LDCS AND NOTED EARLIER COMMISSION DISCUSSIONS HAD INDICATED POSSIBLE NEED TO LOOK AT OFFICIAL CAPITAL REQUIREMENTS AS WELL. HOWEVER, IRB NOT INTENDED ADDRESS THIS PROBLEM. RE POSSIBLE TRANSFORMATION OF IRB INTO AN IERB IN EVENT BROADER INSTITUTION UNACCEPTABLE, BOSWORTH SAID IRB DESIGNED RESPOND TO INVESTMENT PROBLEMS IN ALL RAW MATERIALS INCLUDING ENERGY. AS SUCH WE FELT IT MET INTERESTS OF PRODUCERS AND CONSUMERS AND ANTICIPATED IT WOULD RECIEVE SERIOUS CONSIDERATION IN ALL ITS ASPECTS IN CIEC.
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6. AFTER PRESENTATION BY USDEL (THOMPSON), THURSDAY MEETING WAS DEVOTED TO EXCHANGE OF VIEWS ON IEI PAPER. G-8 REPS SUPPORTED PROPOSAL. G-19 REACTION REFLECTED DIFFERENCES BETWEEN OPEC REPS WHO, WHILE NOT REJECTING PROPOSAL, WERE DISTINCTLY COOL AND EDDC REPS, WHO WERE MORE POSITIVE. OPEC REPS SAID IEI, AS PROPOSED, DID NOT ADEQUATELY ADDRESS PROBLEM OF TECHNOLOGY TRANSFER. PAPER FAILED RECOGNIZE THAT ENERGY TECHNOLOGY IS INTEGRALLY RELATED TO OTHER FORMS OF TECHNOLOGY TRANSFER. PROPOSAL LEFT RESPONSIBILITY FOR TRANSFER ALMOST ENTIRELY WITH PRIVATE SECTOR, LEAVING INSTITUTE AND GOVERNMENTS NO REAL ROLE. OPEC REPS SAID TRAINING AND ENERGY STRATEGY DEVELOPMENT FUNCTIONS WERE RELATIVELY MINOR PROBLEMS NOT MERITING CREATION OF NEW INTERNATIONAL MACHINERY. IRANIAN DEL CHARACTERIZED IEI AS "PAPER INSTITUTE", AND SAID FUNCTIONS TO BE PERFORMED BY SMALL STAFF PROPOSED COULD ALL BE HANDLED BY EXISTING INSTITUTIONS. OPEC REPS NOTED, HOWEVER, THEY NEITHER FOR NOR AGAINST PROPOSAL BUT FELT MORE ELABORATION NECESSARY.

7. INDIAN REP WAS MORE POSITIVE, EXPRESSING APPRECIATION FOR SPIRIT OF PROPOSAL. HE SAID THAT, WHILE TECHNOLOGY TRANSFER VERY IMPORTANT, SO TOO WAS EFFECTIVE ENERGY PLANNING. HE THOUGHT IT MOST IMPORTANT TO ENSURE THAT INSTITUTE HAD SUFFICIENT SIZE AND STATURE TO ATTRACT GOOD PEOPLE, AND TO COORDINATE WORK EFFECTIVELY WITH THAT OF OTHER INTERNATIONAL ORGANIZATIONS. JAMAICAN DEL SAID IT IMPORTANT THERE BE SOME INSTITUTION, EITHER WITHIN UN OF ELSEWHERE, TO WHICH EDDCS CAN TURN FOR ASSISTANCE IN ENERGY PLANNING, AND WHICH WOULD BE CHARGED WITH IMPORTANT AREA OF TRAINING. HE CONCLUDED THAT IEI WOULD BE ONLY INTERNATIONAL ORGANIZATION DEALING WITH FULL SPECTRUM OF ENERGY PROBLEMS AND OPEN TO ALL.

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8. US REP DEFERRED DETAILED RESPONSE TO MEET QUESTIONS UNTIL OCTOBER SESSION. HE NOTED IN CONCLUSION THAT INSTITUTE WAS DESIGNED PRIMARILY TO HELP COUNTRIES CHOOSE APPROPRIATE TECHNOLOGIES, FITTING IN WITH THEIR OVERALL ENERGY DEVELOPMENT PLANS. ACTUAL IMPLEMENTATION OF TECHNOLOGY TRANSFER WOULD HAVE BE DONE BY PRIVATE SECTOR. UN REP ALSO MADE BRIEF SUMMARY OF CURRENT STATUS OF UN STUDY OF IEI CONCEPT, AND CIRCULATE UN STUDY OF IEI WITH ANNEX.

RAW MATERIALS

9. AT SEPTEMBER 15 PLENARY SESSION EC AND US GAVE PRELIMINARY REACTION TO G-19 "PROPOSAL" ON TRANSPORT, MARKETING, AND DISTRIBUTION, ASKING FOR GREATER CLARITY AND PRECISION. NIGERIAN DEL GAVE VAGUE RESPONSE TO QUESTIONS RAISED BY EC.

10. G-8 DELS MET WITH FURTHER QUESTIONS FROM G-19 AS TO THEIR INTENTIONS TO MAKE PROPOSALS DURING REST OF YEAR. US, EC, AND JAPAN INDICATED THAT THEY WOULD DO THEIR BEST TO SUBMIT PROPOSALS EVEN BEFORE THE OCTOBER 20 BEGINNING OF NEXT SESSION, THOUGH THEY COULD NOT COMMIT THEMSELVES TO SUBMIT PARTICULAR PROPOSALS OR TO SUBMIT THEM BEFORE OCTOBER SESSION. US DEL (WENDT) SAID US INTENDED TO ADDRESS MOST SUBJECTS ON THE WORK PROGRAM, INCLUDING PURCHASING POWER OF DEVELOPING COUNTRIES, EITHER IN FORM OF DETAILED PROPOSALS OR MORE GENERAL SUGGESTIONS FOR LANGUAGE FOR FINAL COMMUNIQUE OF CONFERENCE. AT END OF THIS DISCUSSION ARGENTINA MADE CONCILIATORY STATEMENT NOTING THAT WILL FOR DIALOGUE WAS CLEAR AND POSITIVE ON BOTH SIDES AND THAT PROPOSALS WOULD HAVE TO BE CAREFULLY WORKED OUT. HE SAID NEITHER G-8 NOR G-19 HAD DOCUMENTS BEFORE IT WHICH COULD BE DISCUSSED IN SUFFICIENT DETAIL AND SUGGESTED NEED FOR INTERVAL IN WORK OF
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COMMISSION.

11. AFTER RECESS AND CONSULTATIONS WITHIN G-8 AND G-19 AND BETWEEN CO-CHAIRMEN, LDC CO-CHAIRMAN ARIAS-SCHREIBER (PERU) MADE STATEMENT TO EFFECT THAT COMMISSION HAD AGREED TO ADJOURN AND MEET AGAIN OCTOBER 20. DELS AGREED THAT BALANCE OF WEEK WOULD BE USED FOR INFORMAL CONSULTATIONS, AND THAT SECRETARIAT SHOULD DISTRIBUTE ANY PROPOSALS THAT MIGHT BE RECIEVED IN INTERIM PERIOD BEFORE NEXT SESSION. COMMISSION AGREED THAT IN VIEW OF CURTAILMENT OF SEPTEMBER SESSION, OCTOBER MEETING COULD BE EXTENDED TO OCTOBER 30 IF EITHER G-8 OR G-19 SO REQUESTED IN THE LIGHT OF PROGRESS MADE IN THE COURSE OF THAT SESSION. THIS FORMULATION WAS BASED ON G-8 DESIRE TO AVOID SETTING ANY PRECEDENTS FOR OTHER COMMISSIONS.

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C O R R E C T E D C O P Y (PARAS 12 AND 13)

DEVELOPMENT COMMISSION

12. G-19 AND SWEDISH DEBT PROPOSALS WERE TABLED SEPTEMBER 14TH. G-19 PROPOSALS FOR IMMEDIATE GENERALIZED DEBT RELIEF CALL FOR WRITE-OFF OF OFFICIAL DEBT OF LEAST-DEVELOPED, LAND-LOCKED AND ISLAND LDC'S, REFINANCING OFFICIAL DEBT OF OTHER MSA'S WITH 90 PERCENT GRANT ELEMENT AND DEBT RELIEF FOR OTHER LDC'S SEEKING IT. PROPOSALS ALSO CALL FOR IFI'S TO EXTEND PROGRAM ASSISTANCE TO ALL MSA'S, LLDC'S, ETC' AT LAST EQUIVALENT TO LOAN REFLOWS FROM THEM AND FOR RESCHEDULING OF COMMERCIAL DEBTS THROUGH W MULTILATERAL CILITY AND GOVERNMENT PRESSURING OF PRIVATE FINANCIAL INSTITUTIONS TO RESCHEDULE THERE CLAIMS AGAINST LDC'S. SWEDISH PROPOSAL WOULD HAVE G-8 AGREE A PRIORI TO PROVIDE ADDITIONAL ODA TO ALL MSA'S AND LLDC'S THROUGH ODA DEBT RELIEF OR EQUIVALENT MEASURES.

13. G-19 (PAKISTAN) BEGAN DEBATE BY ARGUING THAT EC/US PROPOSALS DID NOT MEET REQUIREMENTS SET OUT IN WORK PROGRAM WHICH THEY READ AS CALLING FOR DISCUSSION OF MEASURES TO ALLEVIATE DEBT BURDEN IN DEVELOPMENT COMMISSION AND OF FEATURES OR PROCEDURES IN FAC. US AND EC STRONGLY REJECTED THIS ARGUMENT, BUT G-19 HAS

STILL NOT YET COMMENTED ON NEW PROCEDURE OUTLINED IN US/EC PROPOSAL. (G-19 HAS TABLED ITS OWN PAPER ON FEATURES IN FAC). G-19 ALSO HAD MEXICAN AUDITOR TAKE FLOOR TO ASSERT, UNCONVINCINGLY, THAT MEXICAN STATEMENT WHICH OPPOSED GENERALIZED DEBT RELIEF, SHOULD NOT BE TAKEN TO INDICATE LACK OF SUPPORT FOR G-19 POSITION.

14. US, JAPAN, EC AND CANADA REITERATED THEIR OPPOSITION TO GENERALIZED DEBT RELIEF AND COMMITMENT TO CASE-BY-CASE TREATMENT OF LDC DEBT AND GENERAL RESOURCE TRANSFER PROBLEMS. ALL FOUR ALSO STATED THAT CONFIDENTIAL

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IT WOULD BE IMPOSSIBLE FOR THEM TO INTERFERE IN COMMERCIAL DEBT TRANSACTIONS. US AND EC NOTED THAT NON-ACUTE B/P PROBLEMS HAD TO BE TREATED IN WIDER CONTEXT OF GENERAL TRANSFER OF RESOURCES AND THAT BOTH DEBTOR AND CREDITOR RESPONSIBILITIES AND PREVENTIVE MEASURES SHOULD BE ADDRESSED. BOTH EC AND US EMPHASIZED THAT PROCEDURE THEY OUTLINED FOR CONSIDERING B/P PROBLEMS COULD BE IMPLEMENTED IMMEDIATELY, AND THAT INHERENT IN THE PROPOSALS WAS COMMITMENT BY DONORS TO CONSIDER TAKING ACTION WHEN AN LDC FINDS THAT ITS B/P DIFFICULTIES IMPINGE ON ITS GROWTH PROSPECTS. PAKISTAN AND INDIA, SPEAKING FOR G-19, SAID THEY COULD NOT ACCEPT US/EC DIVISION OF ACUTE AND LONGER-TERM DEBT SITUATIONS, AND ARGUED THAT ECONOMIC HARDSHIPS EXPERIENCED DURING RECENT RECESSION BY MSA'S, LLDC'S, ETC., DUE MAINLY TO EXTERNAL FACTORS SHOULD BE COMPENSATED FOR BY "ONE-SHOT" GENERALIZED DEBT RELIEF. PAKISTAN SAID US/EC PROPOSALS WOULD ONLY FORMALIZE PROCEDURES WHICH ALREADY EXIST INFORMALLY. INDIAN DELEGATE SAID THAT IF RESOURCE TRANSFERS WERE ADEQUATE, CONSIDERATION OF DEBT RELIEF WOULD NOT BE NECESSARY. SWEDEN BRIEFLY PRESENTED ITS PROPOSAL, BUT G-19 DID NOT COMMENT ON IT.

15. OUTSIDE COMMISSION MEETING, SOME G-19 DELS HAVE BEEN SPREADING NOTION THAT G-19 MUST PUSH FOR DEBT RELIEF FOR LLDC'S SINCE LLDC'S ARE NOT REPRESENTED IN G-19 AND MUST BENEFIT FROM CIEC. BOTH G-19 AND G-8 WOULD LIKE TO END DEBT DISCUSSION FRIDAY, AND CONSIDERATION IS BEING GIVEN TO HOW INFORMAL CONTACTS ON DEBT MIGHT BE PURSUED.

FINANCE COMMISSION (FC)

16. IN SEPTEMBER 15 AND 16 FC SESSIONS, PRESENTATION OF PAPERS AND PRELIMINARY DISCUSSION TOOK PLACE ON ALL

THREE ITEMS SLATED FOR THE SEPTEMBER WORK PROGRAM:
DEBT, OPEC ASSETS, MEASURES AGAINST INFLATION.

17. IN RESPONSE TO US/EC PAPER ON DEBT (ACUTE DEBT
CRISIS SITUATION) ISSUED TO THE FC ON SEPTEMBER 14,
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PAKISTAN, ON BEHALF OF G-19, PRESENTED OWN BROADER
PAPER ON DEBT REORGANIZATION. (TEXT OF THIS PAPER
REPORTED OECD PARIS 21485.) IN BRIEF PRELIMINARY
RESPONSE TO US/EC PAPER, INDIAN DEL POINTED OUT THAT
SCOPE OF THIS PAPER WAS NARROW, AND IF PROGRESS IS TO
BE MADE IN THE AREA OF DEBT REORGANIZATION, WE SHOULD
LOOK AT THIS ISSUE FROM A BROADER AND MORE DEVELOP-
MENTALLY ORIENTED CONTEXT. INDIAN DEL ALSO QUESTIONED

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THE NEED FOR A DISTINCTION BETWEEN ACUTE AND NON-ACUTE DEBT CRISIS SITUATIONS. AT SUGGESTION OF US DEL (RYAN), FC WILL TRY TO FOCUS ITS DISCUSSIONS ON DEBT ON THE TWO PAPERS (US/EC PAPER ON ACUTE DEBT CRISIS AND G-19 ON DEBT REORGANIZATION) ISSUED TO IT. FURTHER DISCUSSIONS ON DEBT EXPECTED TO TAKE PLACE ON SEPTEMBER 17.

18. OPEC ASSETS: US DEL INTRODUCED PAPER ON THE "INVESTMENT OF SURPLUS FINANCIAL RESERVES OF OIL EXPORTING COUNTRIES." THIS PAPER RESEMBLES VERY CLOSELY A PAPER PRESENTED TO TWP ON SEPTEMBER 9 (REPORTED OECD 26911). IN A BRIEF AND PRELIMINARY RESPONSE, SAUDI ARABIAN DEL REVIEWED US PAPER; THIS REVIEW GENERALLY FOLLOWED THE LINES OF HIS VIEWS EXPRESSED AT APRIL AND JUNE FC SESSIONS. HE DID FIND SOME AREAS OF AGREEMENT BUT GENERALLY FELT THAT THE PAPER DID NOT GO FAR ENOUGH AND STILL DID NOT RECOGNIZE SPECIAL NATURE OF OPEC SURPLUS AND THEREFORE NEED FOR SPECIAL TREATMENT OF OPEC INVESTMENTS. SAUDI DEL, ON BEHALF OF THE GROUP OF 19, PRESENTED A PAPER WHICH CONTAINED "THE MINIMUM REQUIREMENTS" FOR MEETING THE NEEDS OF THE OIL EXPORTING COUNTRIES. THESE "REQUIREMENTS" ARE NOT NEW AND THEIR ESSENCE IS CONTAINED IN THE SAUDI PAPER PRESENTED TO THE APRIL FC SESSION. VERBALLY, BUT NOT

IN G-19 PAPER, SAUDI DELEGATE CONTINUED TO LINK ISSUE OF FUTURE SAUDI OIL PRODUCTION TO ADEQUATE TREATMENT OF OPEC ASSETS. US AND EC DELS WILL RESPOND TO THIS PAPER AT SEPTEMBER 17 SESSION.

19. MEASURES AGAINST INFLATION: US AND EC INTRODUCED SEPARATE PAPERS ON MEASURES AGAINST INFLATION, AFTER EEC FOR TACTICAL REASONS DECIDED NOT TO PURSUE A COMBINED EFFORT. BOTH OF THESE PAPERS RESEMBLE VERY CLOSELY PRELIMINARY DRAFTS WHICH WERE DISTRIBUTED TO TWP ON SEPTEMBER 9 (REPORTED OECD PARIS 265911). IRANIAN DEL OFFERED PRELIMINARY G-19 RESPONSE TO THESE PAPERS, ARGUING PRIMARILY THAT IT IS UP TO THE IMPORTANT NATIONS OF THE WORLD WHEN THEY TAKE SIGNIFI-
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CANT DOMESTIC MEASURES, TO BEAR IN MIND THAT THE EFFECTS OF THESE ESSENTIALLY DOMESTIC MEASURES CAN BE FELT INTERNATIONALLY AS WELL. ON THE OTHER HAND HE DID EXPRESS THE VIEW THAT SMALLER LDC'S CAN TAKE WHATEVER DOMESTIC MEASURES ARE FELT TO BE NECESSARY WITHOUT THE NEED FOR CLOSE EXAMINATION OF POTENTIAL INTERNATIONAL EFFECTS, I.E. IF FOR POLITICAL OR SOCIAL REASONS THEY DECIDE TO PURSUE EXPANSIONARY MEASURES WITH INFLATIONARY EFFECTS THAT IS THEIR CHOICE. HE ALSO REITERATED THE TERMS OF TRADE ARGUMENTS PRESENTED BY THE G-19 AT MARCH AND APRIL FC SESSIONS AND WENT INTO LONG DISCOURSE LAYING RESPONSIBILITY FOR PAST AND FUTURE INFLATION ON THE DEVELOPED WORLD AND CALLED FOR INDEXATION OF LDC EXPORT PRICES. US AND EC COUNTERED SOME OF MORE OUTLANDISH G-19 STATEMENTS. US DEL (JUNZ) POINTED OUT THAT US VIEWS ON TERMS OF TRADE ARGUMENT ARE CONTAINED IN PAPERS DISTRIBUTED EARLIER. BOTH MEXICAN AND IRANIAN DEL ATTEMPTED TO INTRODUCE ASPECTS OF REFORM IN THE INTERNATIONAL MONETARY SYSTEM IN THE DISCUSSION OF MEASURES AGAINST INFLATION; US DEL POINTED OUT FIRMLY WE WOULD NOT AGREE WITH THE INCLUSION OF THESE ISSUES IN ANY ACTIONS OF THE FC.
TURNER

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